



## **NCUA Media Release**

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# **NCUA Announces Voluntary Prepayment of Stabilization Fund Assessments Results**

***Nearly \$370 Million in Pledges Falls Short of Required \$500 Million Threshold***

**ALEXANDRIA, Va. (Aug 2, 2011)** – NCUA did not receive sufficient pledges from credit unions to meet the minimum threshold for triggering the Voluntary Prepayment of Corporate Stabilization Fund Assessment. This program will therefore not launch in 2011.

Of the nation's nearly 7,300 federally insured credit unions, 799 pledged \$369.9 million to voluntarily prepay assessments. In response to requests from credit unions, the NCUA Board had determined that the program would not go forward if less than \$500 million in pledges were received. Therefore, NCUA will not debit any voluntarily pledged amount from any credit union.

NCUA Board Chairman Debbie Matz commented, "NCUA responded to credit union requests and created a viable alternative to offer prepayments as a way to manage assessments in the long run. While the pledges fell short of meeting the required threshold to move forward, the NCUA Board remains open, perhaps, to reconsidering this issue next year."

NCUA established the \$500 million goal to satisfy credit unions' strong preference to dedicate all funds raised through voluntary prepayments to dollar-for-dollar reductions in 2011 Corporate Stabilization Fund assessments. The vast majority of the 184 comments received indicated that dollar-for-dollar reductions should be a key principle for the program. The Board took heed of those comments.

Reaching the \$500 million goal and proceeding with voluntary prepayments would have preserved NCUA's flexibility in managing the regular annual assessments over the life of the Stabilization Fund, which are an expense to credit unions. This program goal amount also would have ensured the cash needs and contingency funding necessary for the Stabilization Fund.

Additionally, based on industry feedback, the Board intended to encourage broader credit union participation levels by setting a \$500 million threshold.

In order to meet the timetable to set the 2011 assessment and fulfill payment obligations for the Corporate Stabilization Fund and medium term notes, July 29 was a firm deadline for prepayment commitments.

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NCUA developed this voluntary program in response to requests from credit unions desiring to prepay Stabilization Fund assessments similar to a Federal Deposit Insurance Corporation program. NCUA developed this voluntary ability to respond to these requests within the agency's existing statutory and regulatory framework and incorporated significant public responses to the original proposal resulting in the final program.

The Board may consider reviving a prepayment program in 2012 if significant credit union interest continues to exist. The Board is slated to consider the 2011 assessment rate for the Stabilization Fund in the coming weeks.

*NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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